

Exhibit 3

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By E-mail

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Re: *Royal Park Investments SA/NA v. HSBC Bank USA, NA*, 1:14-cv-08175-LGS-SN (S.D.N.Y.); *BlackRock Balanced Capital Portfolio (FI), et al. v. HSBC Bank USA, NA*, No. 1:14-cv-09366-LGS-SN (S.D.N.Y.); *Phoenix Light SF Ltd., et al. v. HSBC Bank USA, NA*, No. 1:14-cv-10101-LGS-SN (S.D.N.Y.); *National Credit Union Administration Board, et al. v. HSBC Bank USA, NA*, No. 1:15-cv-02144-LGS-SN (S.D.N.Y.); *Commerzbank AG v. HSBC Bank USA, NA*, No. 1:15-cv-10032-LGS (S.D.N.Y.); *Triaxx Prime CDO 2006-1, Ltd., et al. v. HSBC Bank USA, NA*, No. 1:15-cv-10096-LGS (S.D.N.Y.)

Dear Counsel:

I write regarding the search terms Plaintiffs have used to identify potentially responsive documents in their ESI. Despite the Court's direction that all parties run HSBC's

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October 23, 2015 proposed terms (using a w/50 proximity limiter between Exhibits B and C) and HSBC's counter-proposals on terms 53 and 54, it appears that Plaintiffs have unilaterally made changes to some terms, and failed to run other terms entirely. This deviation from the Court's direction is surprising, particularly in light of the long and arduous negotiation and motion practice surrounding the search terms in this case, and HSBC's consistent attempts to propose narrower search terms. That Plaintiffs have failed to run the broad terms they themselves advocated (and to which HSBC only agreed as a compromise) is unacceptable.

A summary of the unilateral deviations from the search terms taken by each Plaintiff group is described below.¹ For the avoidance of doubt, I attach as Exhibit 1 to this letter a .pdf file of the search strings. I am also attaching (to the cover email) the .txt file we received from our document vendor showing the search terms HSBC ran. As described below, Plaintiffs made several undisclosed and unilateral modifications to the search terms that had the effect of narrowing the terms (and thus limiting the documents HSBC received). Many Plaintiffs only ran a subset of the trust name and CUSIP terms in Exhibit A. Some Plaintiffs made modifications to the terms in Exhibit B (for example replacing many "AND" limiters with "NEAR/101" proximity limiters). Several Plaintiff groups also failed to run many of the search strings in Exhibit D, and severely limited the terms from Exhibit E. Finally, all Plaintiffs either failed to run the trustee direction term (page 8 of HSBC's October 23, 2015 proposal) or improperly limited that term by running it in connection with the Exhibit C Bellwether Entity terms.

I. BlackRock Plaintiffs

The BlackRock Plaintiffs deviated from the ordered search terms in the following ways:

- by failing to run the short-form trust name terms for 11 Bellwether Trusts from Exhibit A;
- by failing to run the agreed-upon long-form trust name terms for the Bellwether Trusts from Exhibit A, instead using narrower terms (for example running "Fremont Home Loan Trust 2006-C" instead of "2006-C w/10 Fremont w/10 Home Loan");
- by replacing the "AND" limiter with a "NEAR101" proximity limiter on terms 15, 16, 18, 19, 37, 39, 45, 49, and 50 from Exhibit B;
- by eliminating the leading wildcard for the term "*shit*" in term 38 from Exhibit B;
- by failing to include Litton and Ameriquest as search terms on Exhibit C;

¹ Triaxx has requested to make certain modifications to the terms and HSBC is currently considering that request; as a result, this letter does not address Triaxx.

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- by failing to run all but four of the entity names in Exhibit E, and for those four entities, by changing the term used; and
- by failing to run the trustee direction term.

II. Commerzbank

Commerzbank deviated from the ordered search terms in the following ways:

- by failing to run all but three of the Bellwether Trust name and CUSIP terms from Exhibit A;
- by only running a single term from Exhibit D (term G);
- by failing to run any of the advisor terms from Exhibit E; and
- by failing to run the trustee direction term.

III. NCUA

As counsel for NCUA explained, NCUA ran different sets of search terms for the documents it collected from the credit unions than it did for documents collected from the NCUA Board. Both sets of terms were flawed.

For the NCUA Board documents, NCUA deviated from the ordered search terms in the following ways:

- by failing to run the Bellwether Trust name and CUSIP terms for all but 10 Bellwether Trusts and a handful of CUSIP numbers;
- by failing to run terms C, H, I, N, P, and Q from Exhibit D;
- by failing to run all but four of the advisor names from Exhibit E; and
- by running the trustee direction term in connection with Exhibit C (the Bellwether Entity terms) when that term was to be run as a standalone term.

For the credit union documents, NCUA deviated from the ordered search terms in the following ways:

- by failing to run the Bellwether Trust name and CUSIP terms for all but 10 Bellwether Trusts and a handful of CUSIP numbers;

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- by failing to run terms 7, 11, 20 from Exhibit B;
- by failing to run the search string “(loan* OR mortg*) w/10 (cur* OR deficien* OR list OR loss OR valu*)” from term 53 from Exhibit B;
- by running “substitute*” instead of “substitut*” in term 4 from Exhibit B;
- by running “SP” instead of “S,P” in term 39 from Exhibit B;
- by failing to run terms L, M, N, O, and P from Exhibit D;
- by failing to run the Exhibit E advisor terms; and
- by running the trustee direction term in connection with Exhibit C (the Bellwether Entity terms) when that term was to be run as a standalone term.

IV. Phoenix Light

Phoenix Light deviated from the ordered search terms in the following ways:

- by failing to run the Bellwether Trust name and CUSIP terms for all but three Bellwether Trusts and six CUSIPs;
- by failing to run terms 11, 20, and 30 from Exhibit B;
- by running “substitute*” instead of “substitut*” in term 4 from Exhibit B;
- by running “SP” instead of “S,P” in term 39 from Exhibit B;
- by failing to run any term from Exhibit D except term G;
- by failing to run all but five of the advisor terms in Exhibit E; and
- by running the trustee direction term in connection with Exhibit C (the Bellwether Entity terms) when that term was to be run as a standalone term.

V. Royal Park

Royal Park deviated from the ordered search terms in the following ways:

- by failing to run the Bellwether Trust name and CUSIP terms for all but three Bellwether Trusts and 42 CUSIPS;

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- by running modified Bellwether Trust name terms (for example running “((DBALT or “Deutsche Alt-A”) w/6 “2006-AR5”)” instead of “2006-AR5 w/10 Deutsche w/10 Mortgage Loan Trust” OR “DBALT 2006-AR5”;
- by failing to run terms 4, 7, 11, 19, and 20 from Exhibit B;
- by running “policeman*” instead of “policemen*” in term 17 from Exhibit B;
- by running “SP” instead of “S,P” in term 39 from Exhibit B;
- by running “Talcott Frankin” instead of “Talcott Franklin” in term 51 from Exhibit B;
- by modifying three of the Exhibit E advisor terms (“PA Funds Management”, “RS Investment Management”, and “Salomon”); and
- by running the trustee direction term in connection with Exhibit C (the Bellwether Entity terms) when that term was to be run as a standalone term.

* * *

Plaintiffs made other modifications to the ordered search terms in addition to those described above. HSBC has focused on Plaintiffs’ modifications described herein because those are the changes that would most significantly narrow the set of documents identified as potentially responsive by the search terms. I request that each Plaintiff group confirm by Wednesday, July 19, that it will run the search terms (in the exhibits attached to the cover email) as it should have run after the January and February hearings.

Sincerely,



Edward Reddington

Attachments